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Summary: Social Security Agreement between Canada and Italy



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FOREWORD

The Agreement on Social Security between Canada and Italy came into force on January 1, 1979. If you have contributed to the Italian social security system, the Agreement may help you receive benefits from Canada or Italy.

This summary contains *general* information. Social security legislation and agreements are complex. The summary may not describe all the provisions that apply to your situation.

If you have questions about Canadian benefits, please call Human Resources Development Canada.

From Canada or the United States, you can reach us at

- 1-800-277-9914 (English)
- 1-800-277-9915 (French)
- 1-800-255-4786 (if you have a hearing or speech impairment and use a TDD/TTY device).

From other countries, please call

- +1-613-957-1954.
[collect calls are accepted]

You can also write, E-mail or fax us at the address on page 19.

Only the social security authorities of Italy can determine your entitlement to Italian benefits or answer specific questions. If you think that you may qualify for an Italian benefit, you should apply. On page 19 you will find information on how to apply.

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INTRODUCTION

The Agreement on Social Security between Canada and Italy co-ordinates the pension programs of the two countries. These programs pay benefits when you retire, or if you become disabled or die.

The Agreement has two basic objectives:

- It can help you receive benefits based on the periods you have lived or worked in Canada and Italy.
- It will ensure you have continued coverage by Canadian social security programs if you are sent to work temporarily in Italy.

The Canadian benefits included in the Agreement are those paid under the Old Age Security program and the Canada Pension Plan. Please see pages 2 to 12 for more information.

The Italian benefits included in the Agreement are the retirement, disability and survivors' benefits under the Italian social security system. You can find more information on pages 13 to 17.

CANADIAN OLD AGE SECURITY BENEFITS

Canada's Old Age Security program provides three benefits: the Old Age Security pension, the Guaranteed Income Supplement, and the Spouse's Allowance.

Old Age Security pension

You can receive an Old Age Security pension if you meet three conditions:

- You must be age 65 or more.
- You must fulfil the residence requirements described below.
- You must be a Canadian citizen or a legal resident of Canada. (If you no longer live in Canada, you must have been a Canadian citizen or a legal resident when you left Canada.)

There are two different residence requirements for an Old Age Security pension. One is for persons who live in Canada. The other is for persons who live outside Canada or who are away from Canada for more than six months.

If you live in Canada ...

Normally, to receive an Old Age Security pension in Canada, you must have lived in this country for at least 10 years after you reached age 18.

The Agreement may help you receive an Old Age Security pension even if you have not lived in Canada for 10 years. As long as you have lived in Canada for at least 53 weeks after you reached age 18, we will use your periods of residence in Italy after reaching age 18 to help you complete the 10-year condition.

For example, suppose you have lived in Canada for four years after age 18. Under the Agreement, you may receive an Old Age Security pension in Canada if you have resided in Italy for six years or more after the same age.

If you live outside Canada, or if you are away from Canada for more than six months ...

Normally, to receive an Old Age Security pension outside Canada, you must have lived in this country for at least 20 years after you reached age 18. You must meet this 20-year condition if you live outside Canada when you apply for your pension. You must also meet this condition if you are already receiving a pension in Canada and you leave for more than six months.

The Agreement may help you receive an Old Age Security pension outside Canada even if you have not lived in Canada for 20 years. As long as you have lived in Canada for at least 53 weeks after you reached age 18, we will use your periods of residence in Italy after the same age to help you complete the 20-year condition.

For example, suppose you have lived in Canada for 15 years after you reached age 18. Under the Agreement, you may receive an Old Age Security pension outside Canada if you have resided in Italy for five years or more after the same age.

How we calculate your pension under the Agreement

The amount of your Old Age Security pension will depend on how long you have lived in Canada after you reached age 18.

It takes 40 years of residence to receive a full pension. If you have lived in Canada less than 40 years, you will receive a partial pension. The partial pension will equal 1/40th of a full pension for each year you lived in Canada after age 18.

If your income is high, the amount of pension you receive may be less, or you may not receive any pension at all.

Once you start to receive a partial Old Age Security pension, additional residence in Canada after that date does not increase the amount of your pension.

Guaranteed Income Supplement

You can receive a Guaranteed Income Supplement if you have little or no income other than the Old Age Security pension. To receive a Supplement, you must live in Canada, and receive an Old Age Security pension.

If you leave Canada, you can continue to receive the Guaranteed Income Supplement for the next six months. If you stay away longer, you will stop receiving it. You may reapply for the Supplement if you return to Canada.

Spouse's Allowance

You can receive a Spouse's Allowance if you are between 60 and 64 and your spouse receives a Guaranteed Income Supplement. You can also receive a Spouse's Allowance if you are a widow or widower age 60 to 64 and have little or no income. In either case, you must live in Canada.

Normally, to receive a Spouse's Allowance, you must have lived in Canada for at least 10 years after you reached age 18.

The Agreement may help you receive a Spouse's Allowance even if you have not lived in Canada for 10 years. As long as you have lived in Canada for at least 53 weeks after you reached age 18, we will use your periods of residence in Italy after the same age to help you complete the 10-year condition.

If you leave Canada, you can continue to receive the Spouse's Allowance for the next six months. If you stay away longer, you will stop receiving it. You may reapply for the Allowance if you return to Canada.

When you reach age 65, your Spouse's Allowance will stop, and you will start to receive an Old Age Security pension.

How we calculate your Guaranteed Income Supplement or your Spouse's Allowance under the Agreement

The amount of your Guaranteed Income Supplement and Spouse's Allowance depends on two things:

- The length of time you have lived in Canada after you reached age 18.
- Your income. (If you have a spouse, the amount of your benefit will depend on the combined income of you and your spouse.)

Unlike the Old Age Security pension, additional residence in Canada after you start to receive your Guaranteed Income Supplement or Spouse's Allowance may increase the amount of your benefit.

If you are a sponsored immigrant, you may not be eligible for a Guaranteed Income Supplement or a Spouse's Allowance.

CANADA PENSION PLAN BENEFITS

Under the Canada Pension Plan, you can receive benefits when you retire, or if you become disabled. The Plan will also pay benefits to your survivors after you die.

To qualify for these benefits, you must have contributed to the Plan. You must also meet the other requirements described below.

The Canada Pension Plan began in 1966. It covers almost all persons who are age 18 to 70 and working in Canada, except in Quebec. A similar plan, the Quebec Pension Plan, applies to persons working in Quebec.

You can receive Canada Pension Plan benefits anywhere in the world. It makes no difference if you live in Canada or in an another country.

Retirement pension

You can receive a retirement pension if you have reached retirement age. You must also have contributed to the Plan in at least one year during your working life.

The normal retirement age is 65. If you have reached this age, you may receive a retirement pension even if you are still working. You may also receive a retirement pension if you are age 60 to 64. In this case, however, you must either have stopped working or your earnings from work must be relatively low.

If your retirement pension starts before you are age 65, it is reduced by 0.5 percent for each month between the month the pension begins and the month of your 65th birthday. For example, if you start your pension six months early, it is reduced by 3 percent (6×0.5). The reduction is permanent.

On the other hand, if your pension starts after you reach age 65, it is increased by 0.5 percent for each month of postponement up to age 70.

Disability benefits

To receive a disability pension, you must be under age 65 and disabled. You must also have contributed to the Plan in four of the six calendar years immediately before you became disabled.

You are considered disabled if you have a physical or mental disability that is both severe and prolonged. “Severe” means your condition prevents you from working regularly at any job. “Prolonged” means your condition is long-term or is likely to result in your death.

The Agreement may help you receive a disability pension even if you have not contributed to the Canada Pension Plan in four of the six calendar years immediately before you became disabled. As long as you have contributed to the Plan in at least two years at any time during your working life, we will use your periods of contributions to the Italian social security system after you reached age 18 to help you meet the minimum required period.

If you are receiving a disability pension and have a dependent child, the Canada Pension Plan may pay an additional benefit for your child. The child must be under age 18, or between 18 and 25 and in full-time attendance at school or university.

Survivor benefits

If you have contributed to the Canada Pension Plan, your spouse and dependent children may receive benefits after you die. There are three benefits: the surviving spouse's pension, the surviving child's benefit and the death benefit.

For your survivors to receive any of these benefits, you must have contributed to the Plan for a minimum period. The minimum period varies between three and ten years, depending on your age when you die.

The Agreement may help your survivors receive benefits even if you have not contributed to the Canada Pension Plan for the minimum required period. As long as you have contributed to the Plan in at least two years at any time during your working life, we will use your periods of contributions to the Italian social security system after you reached age 18 to help complete the minimum required period.

Surviving spouse's pension

To receive a pension, your surviving spouse must be age 35 or more at the time of your death, or must be caring for your child, or must be disabled.

The term “surviving spouse” means a person of the opposite sex with whom you are in a legal or common-law marriage at the time of your death. A common-law spouse is a person of the opposite sex with whom you have been living in a conjugal relationship for at least one year.

Widows and widowers are both eligible for a surviving spouse's pension. Even if your surviving spouse later remarries, he or she will continue to receive the pension.

Surviving child's benefit

Your dependent children may receive a surviving child's benefit in the event of your death. The child must be under age 18, or between 18 and 25 and in full-time attendance at school or university.

Death benefit

Your estate may also receive a death benefit when you die. This is a one-time-only payment.

How we calculate your Canada Pension Plan benefits under the Agreement

Some Canada Pension Plan benefits are based entirely on the earnings on which you or your deceased spouse paid contributions to the Plan. Other benefits are flat-rate. Still other benefits are a combination of the two.

PAYMENT OF YOUR CANADIAN BENEFITS

You will receive your Old Age Security and Canada Pension Plan benefits monthly. Payments will always be in Canadian dollars.

If you live in Canada or the United States, you can receive your benefits by cheque or direct deposit to your bank account. The choice is yours. If you live in another country, you will receive your benefits by cheque.

TAXATION OF YOUR CANADIAN BENEFITS

The Old Age Security pension and Canada Pension Plan benefits are taxable under Canada's *Income Tax Act*. If you live in Canada, you must declare these benefits on your annual tax return.

If you live outside Canada, part of your benefit may be withheld for Canadian income tax. The rate of withholding will depend on the country in which you live. In most countries, the rate is 25 percent. However, there are some countries in which the rate is less. This depends on Canada's tax treaties with those countries. If you live in Italy, your Canadian pensions are subject to a tax withholding rate of 15 percent.

If you live outside Canada, you may qualify for a reduction in the rate of withholding. This will depend on your income. To find out if you qualify for a reduction, you must apply to Revenue Canada by completing form NR-5.

For more information on the taxation of your Canadian benefits or a copy of form NR-5, you should contact Revenue Canada. From Canada or the United States, please call 1-800-267-5177. From other countries, you can call +1-613-952-3741, or write to the following address:

**International Tax Service Office
Revenue Canada
OTTAWA, Ontario K1A 1A8
CANADA**

Fax: +1-613-941-2505

ITALIAN BENEFITS

Retirement Benefits

Normally, you can receive a retirement benefit from Italy if you have reached the retirement age. You must also have contributed to the Italian social security system for a minimum period. There are two types of retirement benefits under the Italian social security system, the old age pension and the long service pension (pensione di anzianità).

You can receive an old age pension at age 64 if you are a man or at age 59 if you are a woman, provided you have 988 weeks (19 years) of contributions to the Italian social security system. You must have also stopped working. As of 2000, the age at which you can receive a pension will increase to 65 if you are a man and to 60 if you are a woman. In 2001, you will require a minimum of 1040 weeks (20 years) of contributions.

You can receive a long service pension at age 55 if you have stopped working and have contributed to the Italian social security system for at least 35 years. The age requirement will rise to 57 in 2002.

If you have 37 years of contributions, a long service pension is payable to you at any age. The period of contributions required will gradually rise to 40 years in 2008.

The Agreement may help you receive a retirement benefit from Italy even if you have not contributed to the Italian social security system for the minimum required period. As long as you have contributed to the Italian social security system for at least 53 weeks, your periods of residence in Canada after reaching age 18 or your periods of contributions the Canada Pension Plan can be used to help you qualify.

Disability benefits

You can receive a disability benefit from Italy if you are permanently and totally unable to perform any type of paid work due to an illness or a physical or mental impairment.

You normally must also have contributed to the Italian social security system for a total of 260 weeks (five years), of which 156 weeks (three years) must have been made in the five years immediately before you apply.

You can also receive a temporary disability allowance if you have suffered a permanent loss of working capacity of at least two-thirds due to an illness or a physical or mental disability.

You can receive a disability allowance up to three years. If your condition does not improve during that period, you can apply to have the benefit renewed.

The Agreement may help you receive a disability benefit from Italy even if you have not contributed to the Italian social security system for the minimum required period. As long as you have contributed to the Italian social security system for at least 53 weeks, your periods of residence in Canada after reaching age 18 or your periods of contributions to the Canada Pension Plan can be used to help you qualify.

Survivor benefits

Your spouse or dependents can receive survivor benefits from Italy if at the time of your death you were in receipt of a pension, or if you meet the contribution requirements for an old age or disability pension.

The amount of pension paid to your spouse is based on the contributions you make up to the time of your death. This amount increases if your spouse cares for one or more of your children.

If you are divorced at the time of your death, your former spouse can receive a benefit provided he or she meets certain conditions.

Your children can also receive a benefit if they are not employed and are:

- under age 18, or
- under age 21 and a full-time student in secondary school, or
- under age 26 and full-time student in university, or
- permanently disabled.

If you have no surviving spouse or child entitled to a benefit, a pension can be paid to your parents at age 65 if they are financially dependent on you on the date of your death and are not receiving any other pension.

If none of the above situations apply, your brother or sister who is financially dependent on you at the time of your death can receive a pension. He or she must be either disabled, unmarried, widowed or divorced, and not receiving any other pension.

The Agreement may help your survivors receive a benefit from Italy even if you have not contributed to the Italian social security system for the minimum required period. As long as you have contributed to the Italian social security system for at least 53 weeks, your periods of residence in Canada after reaching age 18 or contributions to the Canada Pension Plan can be used to help you qualify.

How your Italian benefits are calculated under the Agreement

When an Italian benefit is paid as a result of the Agreement, the Italian social security institution determines the amount of pension payable on the basis of actual periods credited under the Italian system.

Payment of your Italian benefits

Italian benefits under the Agreement are paid by the Italian social security institution directly to you whether you live in Italy, Canada or elsewhere.

TEMPORARY POSTINGS IN ITALY

Many Canadians go abroad, as part of their work, on temporary postings in another country. These postings might be to the same company, or to a related company (for example, an affiliate or subsidiary in another country).

The Agreement on Social Security between Canada and Italy ensures that you can continue to contribute to the Canada Pension Plan if your employer sends you to Italy to work temporarily. In this way, your Canada Pension Plan protection will not be interrupted. The Agreement also ensures that you will not have to contribute to the Italian social security system while you are working in Italy.

For this provision of the Agreement to apply to you, you must be working in Canada and contributing to the Canada Pension Plan before your posting to Italy. The posting must be part of your work duties. It cannot be an entirely new job in Italy which has no relation to your job in Canada.

To benefit from the provisions of the Agreement regarding temporary postings, you and your employer have to obtain a certificate of coverage. You can get such a certificate from Revenue Canada.

A certificate of coverage cannot be for a period of more than 24 months. However, the period can be extended. To qualify for such an extension, Revenue Canada and the Italian social security authorities must both give their prior approval.

For more information, or for an application for a certificate of coverage, or an extension of an existing certificate, you or your employer should contact:

**Revenue Collections
Ottawa Tax Services Office
Revenue Canada
OTTAWA, Ontario K1A 0L9
CANADA**

Tel: +1-613-598-2408
[collect calls are accepted]
Fax: +1-613-238-7125

APPLYING FOR BENEFITS

If you live in Canada...

If you live in Canada and want to apply for Canadian or Italian benefits, please call Human Resources Development Canada.

You can reach us at

- 1-800-277-9914 (English)
- 1-800-277-9915 (French)
- 1-800-255-4786 (if you have a hearing or speech impairment and use a TDD/TTY device).

Please have your Canadian social insurance number ready.

You can also write to us at the following address:

**International Operations
Income Security Programs
Human Resources Development Canada
OTTAWA, Ontario K1A 0L4
CANADA**

E-mail: ibfa.piae@hrdc-drhc.gc.ca
Fax: +1-613-952-8901

We will send you an application form. You will need to complete the form and return it to us.

If you live in Italy...

If you live in Italy, you can apply for Canadian benefits at your nearest Instituto Nazionale della Previdenza Sociale (INPS) office. They will provide you an application form, along with instructions to help you complete it. You should return the completed application form to that office. They will forward it to us.

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